



County of Los Angeles **CHIEF ADMINISTRATIVE OFFICE**

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(213) 974-1101
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DAVID E. JANSSEN
Chief Administrative Officer

October 24, 2006

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

**CARSON REDEVELOPMENT AGENCY REQUEST FOR SUBORDINATION OF PASS-THROUGH
PAYMENTS TO COUNTY TAXING ENTITIES ON THE PROJECT AREA NO. 4
REDEVELOPMENT PROJECT
(SECOND DISTRICT) (3 VOTES)**

**JOINT RECOMMENDATION OF THE CHIEF ADMINISTRATIVE OFFICER, THE FIRE CHIEF,
THE COUNTY LIBRARIAN, AND THE DIRECTOR OF PUBLIC WORKS THAT YOUR BOARD:**

Approve a Resolution subordinating the County of Los Angeles', the Fire District's, the Library's, and the Flood District's right to receive pass-through payments from the Carson Redevelopment Agency Project Area No. 4 to the Agency's 2006 tax allocation bonds.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Project Area No. 4 (Project) was adopted on July 16, 2002 as Ordinance No. 02-1254. The Carson Redevelopment Agency (Agency) is preparing to issue tax allocation bonds (2006 Bonds) for the purpose of financing a portion of redevelopment activities. The subordination is required by law on a timely Agency request and showing that sufficient funds to pay both debt service and pass-through payments to affected taxing agencies will be available when payments are due. The Agency submitted its subordination request to the County on September 11, 2006 with further clarification provided on October 11, 2006.

Implementation of Strategic Plan Goals

This action supports Goal 4, Fiscal Responsibility of the County Strategic Plan to strengthen the County's fiscal capacity.

FISCAL IMPACT/FINANCING

Health and Safety Code Section 33607.5(e) provides that pass-through payments to the taxing entities may be subordinated to the Agency's payments for debt service. The County may disapprove a request for subordination only if it finds, based on substantial evidence, that the Agency will not be able to pay both the debt service payments and the pass-through payments to the

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Fifth District

taxing entities. The Agency's tax increment projections, reviewed by this Office, indicate that there will be sufficient coverage to satisfy the debt service on the 2006 Bonds, and the required pass-through payments to the taxing entities. Additionally, at our request the Agency provided a letter verifying that its obligations to make the statutory payments to the County taxing entities take precedence over certain of the Agency's other debt obligations.


FACTS AND PROVISIONS/LEGAL REQUIREMENTS

Section 33607.5(e)(3) provides: "If the affected taxing entity does not act within 45 days after receipt of the agency's request, the request to subordinate shall be deemed approved and shall be final and conclusive." Failure to act within 45 days after receipt of the Agency's request (in this case, October 26, 2006) constitutes County approval of the Agency's request to subordinate to the 2006 Bonds. County Counsel indicates that approving subordination to the bonds by express resolution is preferable to failing to take action within 45 days.

CONCLUSION


At such time as the recommendation is approved by your Board, please return one copy of this letter and Resolution to the Chief Administrative Office, Office of Unincorporated Area Services and Special Projects, and one copy of the letter and Resolution to the Auditor-Controller, Tax Division.

Respectfully submitted,



DAVID E. JANSSEN
Chief Administrative Officer

Respectfully submitted,




P. MICHAEL FREEMAN
Fire Chief

Respectfully submitted,



MARGARET DONNELLAN TODD
County Librarian

Respectfully submitted,



DONALD L. WOLFE
Director of Public Works

DEJ:PMF
MKZ:DS:RMR:ib

Attachment

c: Auditor-Controller
County Counsel
Carson Redevelopment Agency

**RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF
LOS ANGELES TO SUBORDINATE THE COUNTY TAXING ENTITIES' RIGHT TO RECEIVE
PASS-THROUGH PAYMENTS TO THE CARSON REDEVELOPMENT AGENCY'S PROJECT
AREA NO. 4**

WHEREAS, the City Council of the City of Carson on July 16, 2002 adopted Ordinance No. 02-1254, a Redevelopment Plan for Project Area No. 4 (the "Project"); and

WHEREAS, the Carson Redevelopment Agency (the "Agency") on September 11, 2006 and October 11, 2006 by letter advised its intention to issue bonds (the "2006 Bonds") payable from and secured by a pledge of certain Project Area No. 4 tax increment revenues, and requested of the County of Los Angeles (the "County"), the Los Angeles County Consolidated Fire District, the County Public Library, and the County Flood District that any and all payments which the County taxing entities are entitled to receive pursuant to Health & Safety Code Section 33607.5 ("Section 33607.5") from the Project Area No. 4 be subordinated to the Agency's payments of principal and interest on the 2006 Bonds; and

WHEREAS, subordination does not lessen or eliminate the Agency's obligation to make the required payments to the County taxing entities under Section 33607.5; and

WHEREAS, Section 33607.5 provides that if the redevelopment agency requests an affected taxing entity subordinate the amount to be paid to it prior to the Agency incurring any bonded indebtedness, and the agency provides substantial evidence that sufficient funds will be available to pay both the debt service and the required payments to the taxing entity, that the taxing entity must approve or disapprove the request for subordination within 45 days after the receipt of a letter requesting subordination, and that the taxing entity may disapprove the request only if it finds, based upon substantial evidence, that the agency will not be able to pay the debt payments and the amount required to be paid to the taxing entity under Section 33607.5; and

WHEREAS, the Agency has presented evidence demonstrating its ability to make the required statutory payments to the County taxing entities after payment of debt service on the Project Area No. 4 2006 Bonds, and has declared that its obligations to make the statutory payments to the County taxing entities are senior to certain of the Agency's other debt obligations.

NOW, THEREFORE, BE IT RESOLVED, by the Board of Supervisors of the County of Los Angeles that:

The County, the Fire District, the Public Library, and the Flood District hereby agree that so long as the Project Area No. 4 2006 Bonds remain outstanding, any and all payments which the County taxing entities are entitled to receive from Project Area No. 4 pursuant to Section 33607.5 shall be and shall remain subordinate to the payments pledged from Project Area No. 4 to pay the principal of and interest on the 2006 Bonds.

Subordinate the County's Right to Receive
Pass-Through Payments to the Community
Redevelopment Agency of the
City of Carson Project Area No. 4
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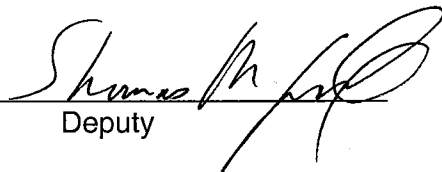
Board of Supervisors

SACHI A. HAMAI, Executive Officer-Clerk of the
Of the County of Los Angeles

By _____
Deputy

APPROVED AS TO FORM

RAYMOND G. FORTNER, JR.
COUNTY COUNSEL

By 
Deputy